

Message Text

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 SSO-00 INR-05 INRE-00 NSC-05

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 1509

C O N F I D E N T I A L KINSHASA 1746

LIMDIS

FOR AF/C.

E.O. 11652: GDS

TAGS: EFIN, ICON, CG

SUBJECT: CIS

REF: KINSHASA 1714 ET AL

1. LEVIHN INFORMS ME OF FOLLOWING DEVELOPMENTS: (1) HE HAS BEEN INSTRUCTED AGAIN TO DELIVER TELEX AND IS SEEKING APPOINTMENT WITH NZEZA, WHO HAS BEEN AVOIDING HIM, TO MAKE DELIVERY. HE INTERPRETS HIS INSTRUCTIONS AS REQUIRING HIM TO DELIVER TELEX TO GATARIKI IF HE CAN'T REACH NZEZA. I RECOMMENDED THAT HE INSIST ON MEETING WITH NZEZA. (2) SNEL HAS PROVIDED CHECK FOR ONE HUNDRED THOUSAND ZAIRES, HAVING BEEN IMPRESSED BY ARGUMENTS ABOUT DANGER TO ALL CONCERNED IF END-MONTH PAYROLL NOT MET. (SNEL DOES NOT KNOW THAT FNCB IS PROVIDING OVERDRAFT AND THAT PAYROLL WOULD HAVE BEEN MET IN ANY CASE.) (3) INSTRUCTIONS HAVE GONE OUT TO REGIONAL CIS OFFICES THAT THEY ARE TO STOP ALL PURCHASING AND NEW HIRING.

2. LEVIHN REPORTS HIS HOME OFFICE DOES NOT BELIEVE FNCB-LED CIS LOAN SYNDICATE WILL AGREE TO EITHER OVERDUE \$1.5 MILLION DRAWDOWN OR TO ADDITIONAL

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\$1 MILLION DRAWDONW BEING SOUGHT FOR MARCH EVEN

THOUGH OVERDUE PAYMENT FROM CIS LOAN HAS NOW BEEN MADE. LEVIHN BELIEVES IT IS THIS CONCERN THAT LED HIS HOME OFFICE TO INSIST ON DELIVERY TELEX AND INITIAL STEPS FOR DISENGAGEMENT.

3. WHILE I CAN UNDERSTAND BANKERS DESIRE TO USE LEVERAGE FROM CIS SITUATION TO GET PAYMENT ON OTHER LOANS, I BELIEVE THAT ACTUAL REFUSAL TO AGREE TO CIS DRAWDOWNS WOULD BE MOST UNWISE. CASE FOR IT MAY BE AS AN ADDITIONAL MEANS OF FORCING MOBUTU TO TURN TO IMF BUT OVERWHELMING DANGER IS THAT IT WOULD PROVOKE EXPLOSION, IN CASE WHERE GOZ BELATEDLY PULLED ITSELF TOGETHER AND MET CIS NEEDS. TO LINK DRAWDOWN TO OTHER SITUATIONS RISKS PUTTING BURDEN OF POSSIBLE BREAK CLEARLY ON US BANKS. AS FAR AS I AM AWARE, THERE IS NO LEGAL JUSTIFICATION FOR SUCH AN ACTION. I URGE THE DEPT TO WEIGH IN WITH FNCB AND, IF NECESSARY, WITH SYNDICATE MEMBERS; AS WELL AS TO CHECK SIGNALS WITH SPENCER OF M-K. NO ONE WANTS MOBUTU TO TURN TO IMF MORE THAN I DO, BUT ILLEGAL PRESSURE WOULD ALMOST CERTAINLY BE COUNTERPRODUCTIVE.

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